



(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)				
2.	Stocks (Schedule D):				
2.1	Preferred stocks				
2.2	Common Stocks	40,655,176		40,655,176	39,159,322
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)	2,501,595		2,501,595	2,769,627
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....83,046,108, Schedule E Part 1), cash equivalents (\$.....60,313,064, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	143,359,172		143,359,172	154,962,406
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets	11,581,543	11,236,009	345,535	272,554
12.	Subtotals, cash and invested assets (Lines 1 to 11)	198,097,486	11,236,009	186,861,478	197,163,909
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	138,276		138,276	25,994
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	408,994	91,347	317,647	365,170
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	663,886		663,886	1,487,102
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	481,119	280,546	200,572	399,169
21.	Furniture and equipment, including health care delivery assets (\$.....0)	395,223	395,223		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	2,195,202	19,947	2,175,255	4,905,237
24.	Health care (\$.....10,471,300) and other amounts receivable	10,855,582	380,538	10,475,043	3,188,520
25.	Aggregate write-ins for other than invested assets				
26.	TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	213,235,768	12,403,610	200,832,158	207,535,101
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	213,235,768	12,403,610	200,832,158	207,535,101
DETAILS OF WRITE-INS					
1101.	INVENTORY	11,802	11,802		
1102.	DEFERRED CHARGES EQUIP FEES	4,149,342	4,149,342		
1103.	PREPAID EXPENSES	656,789	656,789		
1198.	Summary of remaining write-ins for Line 11 from overflow page	6,763,610	6,418,075	345,535	272,554
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	11,581,543	11,236,009	345,535	272,554
2501.	.....			
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	83,938,934		83,938,934	100,411,121
2.	Accrued medical incentive pool and bonus amounts	2,382,657		2,382,657	2,682,703
3.	Unpaid claims adjustment expenses	1,847,669		1,847,669	1,771,758
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				1,895,991
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	282,524		282,524	947,717
9.	General expenses due or accrued	7,228,234		7,228,234	8,633,049
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	390,139		390,139	301,269
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	4,152,832		4,152,832	7,741,782
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				112,235
24.	TOTAL Liabilities (Lines 1 to 23)	100,222,989		100,222,989	124,497,626
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X		
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	1,140,000	1,140,000
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	99,469,169	81,897,475
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	100,609,169	83,037,475
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	200,832,158	207,535,101
DETAILS OF WRITE-INS					
2301.	RISK ADJUSTMENT PAYABLE				112,235
2302.	RISK CORRIDOR PAYABLE				
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				112,235
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	2,332,168	2,366,346
2.	Net premium income (including \$.....0 non-health premium income)	X X X	843,207,061	931,744,075
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(2,767,847)	(2,167,354)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	840,439,214	929,576,721
Hospital and Medical:				
9.	Hospital/medical benefits		598,191,727	647,974,054
10.	Other professional services		9,199,428	8,417,893
11.	Outside referrals			
12.	Emergency room and out-of-area		37,995,743	36,670,322
13.	Prescription drugs		132,718,202	128,542,009
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts		1,274,305	1,094,431
16.	Subtotal (Lines 9 to 15)		779,379,405	822,698,708
Less:				
17.	Net reinsurance recoveries		1,249,896	2,981,176
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		778,129,509	819,717,532
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....1,566,577 cost containment expenses		8,245,141	7,406,423
21.	General administrative expenses		32,315,933	82,804,710
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			(963,548)
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		818,690,584	908,965,116
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	21,748,631	20,611,605
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		465,454	(122,038)
26.	Net realized capital gains (losses) less capital gains tax of \$.....0		4,666	3
27.	Net investment gains (losses) (Lines 25 plus 26)		470,120	(122,035)
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	22,218,751	20,489,570
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	22,218,751	20,489,570
DETAILS OF WRITE-INS				
0601.	MPCA	X X X	(2,767,847)	(2,167,354)
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(2,767,847)	(2,167,354)
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	.....		
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	83,037,475	70,846,525
34.	Net income or (loss) from Line 32	22,218,751	20,489,570
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	1,115,917	(3,683,245)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	2,237,026	(4,615,375)
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders	(8,000,000)	
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	17,571,694	12,190,950
49.	Capital and surplus end of reporting year (Line 33 plus 48)	100,609,169	83,037,475
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	840,639,810	924,451,970
2.	Net investment income	353,171	(132,809)
3.	Miscellaneous income	(2,779,988)	(2,163,508)
4.	TOTAL (Lines 1 through 3)	838,212,992	922,155,653
5.	Benefit and loss related payments	800,727,694	844,062,995
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	41,889,978	92,912,639
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	TOTAL (Lines 5 through 9)	842,617,672	936,975,635
11.	Net cash from operations (Line 4 minus Line 10)	(4,404,680)	(14,819,981)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks	14,037	5,202
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	(1,951,830)	(3,411,523)
12.7	Miscellaneous proceeds		2
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	(1,937,794)	(3,406,319)
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks	378,347	15,303,644
13.3	Mortgage loans		
13.4	Real estate	12,708	660,052
13.5	Other invested assets		
13.6	Miscellaneous applications	449	
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	391,504	15,963,697
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,329,298)	(19,370,016)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	8,000,000	
16.6	Other cash provided (applied)	3,130,744	(1,221,226)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(4,869,256)	(1,221,226)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(11,603,234)	(35,411,223)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	154,962,406	190,373,629
19.2	End of year (Line 18 plus Line 19.1)	143,359,172	154,962,406

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	843,207,061	270,744					7,291,392	835,644,925		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	(2,767,847)							(2,767,847)		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	840,439,214	270,744					7,291,392	832,877,078		
8.	Hospital/medical benefits	598,191,727	(54,682)					7,381,498	590,864,912		X X X
9.	Other professional services	9,199,428	254					77,010	9,122,164		X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	37,995,743						185,740	37,810,003		X X X
12.	Prescription drugs	132,718,202	(132,798)					1,306,925	131,544,075		X X X
13.	Aggregate write-ins for other hospital and medical										X X X
14.	Incentive pool, withhold adjustments and bonus amounts	1,274,305						178	1,274,127		X X X
15.	Subtotal (Lines 8 to 14)	779,379,405	(187,226)					8,951,350	770,615,281		X X X
16.	Net reinsurance recoveries	1,249,896	281,769						968,127		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	778,129,509	(468,995)					8,951,350	769,647,154		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....1,566,577 cost containment expenses	8,245,141	12,182					219,792	8,013,167		
20.	General administrative expenses	32,315,933	(214,302)					737,745	31,792,490		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	818,690,584	(671,115)					9,908,887	809,452,812		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	21,748,631	941,860					(2,617,495)	23,424,266		
DETAILS OF WRITE-INS											
0501.	MPCA	(2,767,847)							(2,767,847)		X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(2,767,847)							(2,767,847)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	270,753		9	270,744
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare	7,304,693		13,301	7,291,392
7.	Title XIX - Medicaid	837,336,643		1,691,718	835,644,925
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	844,912,089		1,705,028	843,207,061
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	844,912,089		1,705,028	843,207,061

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	793,160,859	574,374					8,320,347	784,266,138		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,249,896	281,769						968,127		
1.4 Net	791,910,963	292,605					8,320,347	783,298,012		
2. Paid medical incentive pools and bonuses	1,574,351						46	1,574,306		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	83,938,934	52,326					1,543,008	82,343,601		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	83,938,934	52,326					1,543,008	82,343,601		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	2,382,657						147	2,382,510		
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	663,886							663,886		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	100,411,121	1,095,695					912,182	98,403,243		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	100,411,121	1,095,695					912,182	98,403,243		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	2,682,703						14	2,682,689		
11. Amounts recoverable from reinsurers December 31, prior year	1,487,102	556,626						930,476		
12. Incurred benefits:										
12.1 Direct	776,688,672	(468,995)					8,951,173	768,206,495		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	426,680	(274,856)						701,537		
12.4 Net	776,261,992	(194,139)					8,951,173	767,504,958		
13. Incurred medical incentive pools and bonuses	1,274,305						178	1,274,127		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	55,808,795	52,326					205,429	55,551,040		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	55,808,795	52,326					205,429	55,551,040		
2. Incurred but Unreported:										
2.1 Direct	28,130,139						1,337,578	26,792,561		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	28,130,139						1,337,578	26,792,561		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	83,938,934	52,326					1,543,008	82,343,601		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	83,938,934	52,326					1,543,008	82,343,601		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	574,374		52,326		626,700	1,095,695
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	759,454	7,560,893	12,521	1,530,486	771,975	912,182
7.	Title XIX - Medicaid	83,997,014	700,435,656	12,310,948	70,032,652	96,307,963	98,403,243
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	85,330,842	707,996,549	12,375,796	71,563,138	97,706,638	100,411,121
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	1,539,936	34,415		2,382,657	1,539,936	2,682,703
13.	TOTALS (Lines 9 - 10 + 11 + 12)	86,870,778	708,030,964	12,375,796	73,945,795	99,246,574	103,093,824

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (\$000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	63,174	63,174	63,255	63,253	65,264
2.	2013	428,500	499,874	500,111	500,245	502,862
3.	2014	X X X	549,940	669,390	676,895	678,322
4.	2015	X X X	X X X	635,813	739,807	752,011
5.	2016	X X X	X X X	X X X	735,299	804,726
6.	2017	X X X	X X X	X X X	X X X	705,848

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	63,174	63,174	63,255	63,253	65,264
2.	2013	502,975	499,874	500,234	500,857	502,862
3.	2014	X X X	645,954	670,475	680,108	678,322
4.	2015	X X X	X X X	764,912	752,220	754,126
5.	2016	X X X	X X X	X X X	822,155	814,172
6.	2017	X X X	X X X	X X X	X X X	780,609

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2013	532,629	502,862	3,946	0.785	506,808	95.152			506,808	95.152
2.	2014	722,625	678,322	1,766	0.260	680,087	94.113			680,087	94.113
3.	2015	904,650	752,011	2,089	0.278	754,100	83.358	2,115		756,215	83.592
4.	2016	931,744	804,726	1,492	0.185	806,219	86.528	9,446	1,772	817,436	87.732
5.	2017	843,207	705,848	6	0.001	705,854	83.711	74,761	76	780,690	92.586

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (\$000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	11,968	11,968	11,947	11,945	11,944
2.	2013	72,930	88,858	88,945	88,933	88,918
3.	2014	X X X	96,813	144,224	144,132	144,112
4.	2015	X X X	X X X	52,684	65,930	65,915
5.	2016	X X X	X X X	X X X	41,992	42,617
6.	2017	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	11,968	11,968	11,947	11,945	11,944
2.	2013	88,072	88,858	88,945	88,933	88,918
3.	2014	X X X	113,964	144,224	144,132	144,112
4.	2015	X X X	X X X	68,016	65,938	65,915
5.	2016	X X X	X X X	X X X	43,079	42,669
6.	2017	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2013	88,998	88,918	839	0.944	89,758	100.854			89,758	100.854
2.	2014	117,436	144,112	564	0.391	144,676	123.196			144,676	123.196
3.	2015	107,793	65,915	295	0.448	66,210	61.423			66,210	61.423
4.	2016	46,932	42,617	10	0.023	42,627	90.826	52	33	42,712	91.007
5.	2017	271		(16)		(16)	(5.780)		(31)	(47)	(17.341)

12 Hospital and Medical

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (\$000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	1,051	1,051	1,051	1,051	1,051
2.	2013	5,783	7,520	7,524	7,519	7,519
3.	2014	X X X	7,718	8,352	8,344	8,340
4.	2015	X X X	X X X	1,165	1,452	1,453
5.	2016	X X X	X X X	X X X	4,062	4,824
6.	2017	X X X	X X X	X X X	X X X	6,193

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	1,051	1,051	1,051	1,051	1,051
2.	2013	6,978	7,520	7,524	7,519	7,519
3.	2014	X X X	8,728	8,352	8,344	8,340
4.	2015	X X X	X X X	1,448	1,502	1,453
5.	2016	X X X	X X X	X X X	4,925	4,836
6.	2017	X X X	X X X	X X X	X X X	7,723

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2013	6,141	7,519	483	6.423	8,002	130.308			8,002	130.308
2.	2014	7,344	8,340	31	0.377	8,372	113.996			8,372	113.996
3.	2015	1,723	1,453	8	0.552	1,461	84.784			1,461	84.784
4.	2016	4,906	4,824	27	0.553	4,850	98.871	13	27	4,890	99.684
5.	2017	7,291	6,193	16	0.262	6,209	85.155	1,530	19	7,758	106.405

12 Title XVIII-Medicare

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (\$000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	50,155	50,155	50,257	50,257	52,269
2.	2013	349,787	403,496	403,642	403,793	406,424
3.	2014	X X X	445,409	516,814	524,419	525,869
4.	2015	X X X	X X X	581,964	672,426	684,643
5.	2016	X X X	X X X	X X X	689,245	757,286
6.	2017	X X X	X X X	X X X	X X X	699,655

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	50,155	50,155	50,257	50,257	52,269
2.	2013	407,925	403,496	403,765	404,405	406,424
3.	2014	X X X	523,262	517,899	527,632	525,869
4.	2015	X X X	X X X	695,448	684,780	686,759
5.	2016	X X X	X X X	X X X	774,151	766,667
6.	2017	X X X	X X X	X X X	X X X	772,886

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2013	437,490	406,424	2,623	0.645	409,048	93.499			409,048	93.499
2.	2014	597,845	525,869	1,170	0.223	527,040	88.157			527,040	88.157
3.	2015	795,134	684,643	1,786	0.261	686,429	86.329	2,115		688,544	86.595
4.	2016	879,906	757,286	1,456	0.192	758,742	86.230	9,381	1,712	769,834	87.490
5.	2017	835,645	699,655	5	0.001	699,660	83.727	73,230	88	772,979	92.501

12 Title XIX-Medicaid

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....873,271 for occupancy of own building)				873,271	873,271
2.	Salaries, wages and other benefits	665,577	2,837,458	9,970,176		13,473,211
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			112,708		112,708
4.	Legal fees and expenses			12,102		12,102
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services			127,748		127,748
7.	Traveling expenses	6,156	26,242	92,209		124,607
8.	Marketing and advertising			394,384		394,384
9.	Postage, express and telephone	27,811	118,563	416,605		562,979
10.	Printing and office supplies	51,692	220,370	774,331		1,046,394
11.	Occupancy, depreciation and amortization			1,363,107		1,363,107
12.	Equipment	268,701	1,145,513	4,025,070		5,439,283
13.	Cost or depreciation of EDP equipment and software	5,304	22,612	79,454		107,370
14.	Outsourced services including EDP, claims, and other services	449,907	1,918,023	6,739,493		9,107,423
15.	Boards, bureaus and association fees	14,927	63,638	223,608		302,173
16.	Insurance, except on real estate			123,996		123,996
17.	Collection and bank service charges				6,685	6,685
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses			73,847	676,367	750,214
22.	Real estate taxes			4,264		4,264
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			6,852,891		6,852,891
23.2	State premium taxes					
23.3	Regulatory authority licenses and fees					
23.4	Payroll taxes	32,338	137,861	484,413		654,613
23.5	Other (excluding federal income and real estate taxes)	1,139	4,854	17,057		23,050
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses	43,026	183,428	428,469		654,923
26.	TOTAL Expenses Incurred (Lines 1 to 25)	1,566,577	6,678,564	32,315,933	1,556,323	(a) 42,117,397
27.	Less expenses unpaid December 31, current year			7,228,234		7,228,234
28.	Add expenses unpaid December 31, prior year			8,633,049		8,633,049
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,566,577	6,678,564	33,720,748	1,556,323	43,522,212
DETAILS OF WRITE-INS						
2501.	Business Development	336	1,432	5,033		6,801
2502.	Misc	29,622	126,283	227,675		383,580
2503.	Community Support	858	3,658	12,853		17,369
2598.	Summary of remaining write-ins for Line 25 from overflow page	12,210	52,055	182,908		247,173
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	43,026	183,428	428,469		654,923

(a) Includes management fees of \$.....7,173,626 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	106,565	106,565
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 873,271	873,271
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 1,210,399	1,322,681
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	TOTAL Gross investment income	2,190,234	2,302,516
11.	Investment expenses		(g) 1,556,323
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 280,740
15.	Aggregate write-ins for deductions from investment income		
16.	TOTAL Deductions (Lines 11 through 15)		1,837,063
17.	Net Investment income (Line 10 minus Line 16)		465,454
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....873,271 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....1,556,323 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....280,740 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	4,666		4,666	1,003,114	
2.21	Common stocks of affiliates				112,803	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	TOTAL Capital gains (losses)	4,666		4,666	1,115,917	
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets	11,236,009	9,086,930	(2,149,079)
12.	Subtotals, cash and invested assets (Lines 1 to 11)	11,236,009	9,086,930	(2,149,079)
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection	91,347	37,756	(53,591)
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums and contracts subject to redetermination			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset			
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software	280,546	3,938,604	3,658,058
21.	Furniture and equipment, including health care delivery assets	395,223	559,714	164,491
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates	19,947	11,879	(8,068)
24.	Health care and other amounts receivable	380,538	1,005,753	625,214
25.	Aggregate write-ins for other than invested assets			
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	12,403,610	14,640,636	2,237,026
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	TOTAL (Lines 26 and 27)	12,403,610	14,640,636	2,237,026
DETAILS OF WRITE-INS				
1101.	INVENTORY	11,802	11,367	(435)
1102.	DEFERRED CHARGES EQUIP FEES	4,149,342	2,255,502	(1,893,840)
1103.	PREPAID EXPENSES	656,789	710,852	54,063
1198.	Summary of remaining write-ins for Line 11 from overflow page	6,418,075	6,109,209	(308,866)
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	11,236,009	9,086,930	(2,149,079)
2501.	.....		
2502.	.....		
2503.	.....		
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	186,387	190,521	196,600	194,892	194,899	2,332,168
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	186,387	190,521	196,600	194,892	194,899	2,332,168
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

McLaren Health Plan, Inc.
December 31, 2017

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of McLaren Health Plan have been prepared in accordance with NAIC Accounting Practices and Procedures manual and statutory accounting principles as prescribed by the Michigan Department of Insurance and Financial Services. Statutory accounting principles differ from generally accepted accounting principles ("GAAP") in certain respects and include the following accounting practices:

Certain assets designated as "non-admitted assets" are excluded from the statement of admitted asset, liabilities, and capital and surplus by a direct charge to surplus. Such items include intangible assets, prepaid expenses, and certain receivables and certain depreciable/amortizable assets.

Statutory accounting principles require that the goodwill from a statutory purchase be calculated as the excess of cost of acquiring an entity over its book value, admitted subject to limitation, and amortized over a period not to exceed 10 years. Goodwill is required to be charged or credited immediately to surplus in the event that the investee to which the goodwill relates ceases to exist. GAAP requires that goodwill be recorded as a residual after the fair value of the entity and other identifiable assets have been determined, and be subject to an impairment evaluation rather than amortized.

Real estate owned and occupied by the Plan is included in investments, while under GAAP it is reported as an operating asset.

Statutory basis investment income and operating expenses include rent for the Plan's occupancy of those properties, and depreciation expense is reported as investment expense as a component of investment income for statutory financial statement purposes, rather than operating expense under GAAP.

Salvage and subrogation are recognized when received rather than when earned, as required by GAAP.

Comprehensive income and its components are not presented in the statutory basis financial statements.

Subsidiaries are included as common stock carried under the statutory equity method, with changes in the carrying value credited or debited directly to the Plan's surplus for statutory accounting principles. GAAP requires consolidation or, for those entities being accounted for under the equity basis of accounting, that their net income or loss be recognized in the statement of operations.

The statement of cash flows is prepared in the prescribed statutory format.

The Plan adopted the NAIC's Codification of Statutory Accounting Principles on January 1, 2003 at the direction of the Michigan Department of Insurance and Financial Services. There are no significant differences between statutory accounting principles prescribed by the NAIC and the State of Michigan accounting requirements that are applicable to the Plan, except for the prescribed practice for SSAP 84, Certain Health Care Receivables and Receivables under Government Insured Plans. There is no impact on statutory surplus of the differences in accounting principles prescribed by the NAIC and the State of Michigan, due to the prescribed practice referenced above.

Notes to Financial Statements

	Description	SSAP	F/S Page	F/S Line #	State of Domicile	2017	2016
Net Income							
1	State Basis	xxx	xxx	xxx	MI	22,867,294	20,489,570
2	State Prescribed Practices that increase/(decrease) NAIC SAP					-	-
3	State Permitted Practices that increase/(decrease) NAIC SAP					-	-
4	NAIC SAP	xxx	xxx	xxx	MI	22,867,294	20,489,570
Surplus							
5	State Basis	xxx	xxx	xxx	MI	100,629,116	83,037,475
6	State Prescribed Practices that increase/(decrease) NAIC SAP					-	-
7	State Permitted Practices that increase/(decrease) NAIC SAP					-	-
8	NAIC SAP	xxx	xxx	xxx	MI	100,629,116	83,037,475

B. Use of Estimates in the Preparation of the Financial Statements

Preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan’s best estimate of the level of claims to be paid applicable to 2017 or prior periods. Any future adjustments to these amounts will affect the reported results in the future periods.

C. Accounting Policy

(1) Short-term investments: None. Pursuant to SSAP 2R, money market mutual funds are no longer considered short-term investments and are now classified as cash equivalents.

(2) Bonds: None

(3) Common Stock: Unaffiliated common stocks are stated at fair market value, as prescribed by the NAIC Securities Valuation Office.

Health Advantage Inc. d/b/a McLaren Health Advantage, Inc. and McLaren Health Plan Community are wholly owned subsidiaries of the Plan. The Plan carries them on the statutory equity basis in accordance with Statement of Statutory Accounting Principles (SSAP) No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88* (SSAP 97).

(4) Preferred Stock: None

(5) Mortgage Loans: None

(6) Loan-Backed Securities: None

(7) Investments in Subsidiaries, Controlled and Affiliated Companies: The Plan is the parent corporation of Health Advantage, Inc., a licensed Michigan TPA. The Plan carries Health Advantage, Inc., at SSAP equity basis.

During 2010, the Plan became the Parent Corporation of McLaren Health Plan Insurance Company. The Plan carries McLaren Health Plan Insurance Company at SSAP equity basis. In 2014, McLaren Health Plan Insurance Company was dissolved.

During 2011, the plan became the Parent Corporation for McLaren Health Plan Community. The Plan carries McLaren Health Plan Community at SSAP equity basis.

Notes to Financial Statements

(8) Investments in Joint Ventures, Partnerships, and Limited Liability Companies:
None

(9) Derivatives: None

(10) Anticipated investment income is not a factor in the premium deficiency calculation.

(11) Policy and methodologies for estimating liabilities for losses and loss/claim adjustment expenses: Estimates of liabilities for losses and loss/claim adjustment expenses are made by our independent actuary and are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals, are based on actuarial assumptions relevant to contract provisions, and include appropriate provision for all actuarial terms that ought to be established.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss/lag reports, based on past experience, for losses incurred but not reported. The methods for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined

(12) Effective October 1, 2017 the capitalization policy was revised and a new predefined threshold of \$3,000 was set.

(13) Pharmaceutical Rebate Receivables: Pharmaceutical rebates receivables are derived from actual confirmed receipts from the PBM.

D. Going Concern

Management has evaluated McLaren Health Plan's ability to continue as a going concern and has no substantial doubt about McLaren Health Plan's ability to continue as a going concern.

Note 2 - Accounting Changes and Corrections of Errors: None

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method: None

B. Statutory Merger: None

C. Assumption Reinsurance: None

D. Impairment Loss: None

Note 4 - Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Held for Sale: None

B. Change in Plan of Sale of discontinued Operation: None

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal: None

D. Equity Interest Retained in the Discontinued Operation After Disposal: None

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans: None

Notes to Financial Statements

- B. Debt Restructuring: None
- C. Reverse Mortgage: None
- D. Loan Backed Securities: None
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions: None
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing: None
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: None
- H. Repurchase Agreements Transactions Accounted for as a Sale: None
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale: None
- J. Real Estate: None
- K. Low-Income Housing Tax Credits (LIHTC): None
- L. Restricted Assets:

		1	2	3	5	5	6	7
	Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/(Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted	Percent Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a.	Subject to contractual obligation for which liability is not shown							
b.	Collateral held under security lending agreements							
c.	Subject to repurchase agreements							
d.	Subject to reverse repurchase agreements							
e.	Subject to dollar repurchase agreements							
f.	Subject to dollar reverse repurchase agreements							
g.	Placed under option contracts							
h.	Letter stock or securities restricted as to sale							
i.	On deposit with states	1,228,692	1,220,392	8,300	-	1,228,692	0.578	0.614
j.	On deposit with other regulatory bodies							
k.	Pledged as collateral not captured in other categories							
l.	Other restricted assets							
m.	Total Restricted Assets	1,228,692	1,220,392	8,300	-	1,228,692	0.578	0.614

- M. Working Capital Finance Investments: None
- N. Offsetting and Netting of Assets and Liabilities: None
- O. Structured Notes: None
- P. 5* Securities: None
- Q. Short Sales: None
- R. Prepayment Penalty and Acceleration Fees: None

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investment in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

Notes to Financial Statements

- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships or Limited Liability Companies during the statement periods.

Note 7 - Investment Income

- A. Due and accrued income was excluded from surplus on the following basis:
All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.
- B. The total amount excluded was \$0.

Note 8 - Derivative Investments: None

Note 9 - Income Taxes

- A. Components of Net Deferred Income Tax Asset: N/A
- B. Extent That DTL's Are Not Recognized: N/A
- C. Disclosure of Significant Components of Income Taxes Incurred: N/A
- D. Sum of Reporting Entity's Income Tax Incurred: N/A
- E. Reporting Entity Additional Disclosure: N/A
- F. Consolidated Federal Income Tax: N/A
- G. McLaren Health Care Corporation is subject to routine audits by taxing jurisdictions. McLaren Health Care Corporation, McLaren Health Plan's parent company and its subsidiaries completed an audit in 2014, covering the tax periods of 2010, 2011, and 2012. McLaren Health Plan has received a notice from the IRS dated 01/21/15 stating the Plan as exempt from Federal income tax under IRS section 501 (c) (4) of the internal revenue code retroactive to August 1, 2012. The plan is however, subject to unrelated business income tax. For 2017, the plan had no significant unrelated business income.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of the relationship:

McLaren Health Care Corporation (MHCC), a Michigan nonprofit corporation and holding company of various health care entities is the sole parent of McLaren Health Plan. The parent company initially invested into McLaren Health Plan gross paid in and contributed surplus of \$1,140,000.

McLaren Regional Medical Center dba McLaren Flint, is a subsidiary of McLaren Health Care Corporation.

PHNS was purchased by CONJOIN in November 2010. The merged entity changed its name to Anthelio HealthCare Solutions in early 2011. MHCC still maintained its ownership as a shareholder. In September of 2016, Anthelio was purchased by Atos and McLaren Health Care Corporation is no longer a shareholder.

Health Advantage Inc., is a wholly owned subsidiary of McLaren Health Plan.

McLaren Health Plan Community is a wholly owned subsidiary of McLaren Health Plan. The parent company initially invested into McLaren Health Plan

Notes to Financial Statements

Community gross paid in capital and contributed surplus of \$3,000,000 in 2011. An additional investment of \$15,000,000 was made in 2016.

- B. No Change
- C. No Change
- D. Due from Affiliates: \$2,175,255 amounts due from affiliate for administrative services and information system operations support. The amounts are settled monthly.

Due to Affiliates: \$4,152,832 amounts due to affiliate per contract for various administrative support, including personnel and information system operations support. The amounts are settled monthly.

- E. Guarantees or undertakings: No Change
- F. Management & Service Agreements:

(1) McLaren Health Plan and McLaren Health Care Corporation:

There are the following agreements between the companies.

- The Management Agreement states McLaren Health Care Corporation agrees to provide certain operational services and other resources to McLaren Health Plan. Amount for 2017 was \$7,161,120.
- The Service Agreement states McLaren Health Care Corporation agrees to provide a Leased Employee to perform certain operational, personnel services, and other resources to McLaren Health Plan.
- The Management Agreement states McLaren Health Plan agrees to provide certain operational services and other resources to McLaren Health Care Corporation.

(2) McLaren Health Plan and McLaren Regional Medical Center, DBA McLaren Flint:

MRMC agrees to provide certain accounting / resource services to McLaren Health Plan. Amount for 2017 was \$12,506.

(3) McLaren Health Plan and Health Advantage:

McLaren Health Plan agrees to provide certain operational, personnel services and other resources to Health Advantage. Amount for 2017 was \$10,904,238.

(4) McLaren Health Plan and McLaren Health Plan Community:

McLaren Health Plan agrees to provide certain operational, personnel services and other resources to MHPC. Amount for 2017 was \$5,327,277.

(5) McLaren Health Plan and McLaren Medical Group:

McLaren Medical Group agrees to provide the services of the Physician to serve as the Chief Medical Officer for McLaren Health Plan.

- G. Nature of Control Relationship: McLaren Health Plan is the sole owner and parent company of McLaren Health Plan Community and Health Advantage.
- H. Upstream/downstream activity: None

Notes to Financial Statements

- I. Investment in SCA: None
- J. Investments in impaired SCA: None
- K. Investment in foreign insurance subsidiary: None
- L. Investment in downstream noninsurance holding company: None
- M. All SCA Investments:

(1) Balance Sheet Value

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
b. SSAP No. 97 8b(ii) Entities				
Health Advantage	100%	\$ 2,383,974	\$ 2,383,974	\$ -

(2) NAIC Filing Response Information: McLaren Health Plan received a one year waiver dated October 17, 2017 from submitting its investment in McLaren Health Advantage to the NAIC SVO for valuation.

- N. Investment in Insurance SCAs: N/A

Note 11 – Debt: None

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
See G Below
- B. Narrative Description of Investment Policies and Strategies: N/A
- C. Fair Value of each class of Plan Assets: N/A
- D. Narrative Description: N/A
- E. Defined Contribution Plans:
McLaren Health Plan employees hired on or after October 1, 2004 are covered by a qualified defined contribution plan which is a part of the master trust agreement with MHCC. Vesting period for contribution matching by McLaren Health Plan is 1 year (previous to 2014, was 2 year vesting period). For 2017, the employer contribution was \$563,293.50.
- F. Multiemployer Plans: None
- G. Consolidated/Holding Company Plans: McLaren Health Plan is a wholly owned subsidiary of McLaren Health Care Corporation, which sponsors a defined benefit pension plan covering substantially all of McLaren Health Plan employees whose employment began prior to Oct 1, 2004. The benefits under the plan are based on years of service and the employee’s termination of employment. The plan has no legal obligation for benefits under this plan. The funding policy is to contribute annually an amount in accordance with the standards of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to services to date, but also those expected to be earned in the future. As of Oct 1, 2012, the pension plan has been frozen.
- H. Postemployment Benefits and Compensated Absences: They are accrued.

Notes to Financial Statements

- I. The impact of Medicare Modernization Act on Post-Retirement Benefits are not reflected in the financial statements or accompanying notes.

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) Capital stock: None
- 2) Preferred stock: None
- 3) Dividend restrictions: Subject to other regulatory limitations on capital and surplus and working capital, the Plan is limited by statute to paying dividends no greater than annual income or 10 percent of surplus without prior approval of the Michigan Department of Insurance and Financial Services.
- 4) Date and amount of dividends issued: On December 8, 2017, the Office of Financial and Insurance Regulation approved McLaren Health Plan Inc's request to pay \$8,000,000 ordinary dividend to McLaren Health Care Corporation. This transaction was completed on December 14, 2017.
- 5) Within the limitations of (3) above, there are no restrictions placed on the portion of the Plan profits that may be paid as ordinary dividends to stockholders.
- 6) Restrictions placed on unassigned funds (surplus): None
- 7) Advances of surplus not paid: None
- 8) Amount of stock held for special purposes: None
- 9) Special surplus funds: None
- 10) Unassigned funds (surplus) represented or reduced: None
- 11) Surplus notes: None
- 12) Impact of any restatement due to quasi-reorganization: None
- 13) Effective date(s) of a quasi-reorganization in the prior 10 years: None

Note 14 - Liabilities, Contingencies and Assessments

- A. Contingent Commitments: None
- B. Assessments: None
- C. Gain Contingencies: None
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits: None
- E. Joint and Several Liabilities: None
- F. All Other Contingencies

The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.

Note 15 – Leases

McLaren Health Plan currently holds two building leases:

Notes to Financial Statements

The lease for the East Lansing office was renewed on March 17th, 2015 for a period of five (5) years, commencing on April 1, 2015, fully to be completed and ended March 31, 2020. The lease includes an option to extend the Lease for two 3-year terms at Tenant’s option at the same terms as if the Lease continues under the original provisions provided the rental rate for the first optional extension shall be \$20,191 monthly and the rental rate for the second option shall be \$21,705 monthly or the current market rate.

The lease for the Auburn Hills office was executed on May 21, 2012, commenced on July 1, 2012 and is for ten years.

The future minimum lease payments under all non-cancelable leases are as follows:

2018	\$218,854
2019	\$224,877
2020	\$230,901
2021-2022	\$397,551

Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk: None

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:

- A. Transfers of Receivables Reported as Sales: None.
- B. Transfer and Servicing of Financial Assets: None
- C. Wash Sales: None

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO plans – N/A
- B. ASC plans – N/A
- C. Medicare or similarly structured cost based reimbursed contracts – N/A

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators: None

Note 20 - Fair Value Measurement

A. Fair Value Measurements at Reporting Date

Accounting standards require certain assets and liabilities be reported or disclosed at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following table presents information about the Plan’s assets and liabilities measured at fair value at December 31, 2017, and the valuation techniques used by the Plan to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active market for identical assets or liabilities that the Plan has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly.

Notes to Financial Statements

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets measured or disclosed at Fair Value at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash, Cash Equivalents, and Short-term Investments	\$143,359,172.19			\$143,359,172
Mutual funds - Industrial and miscellaneous	\$23,718,881.62			\$23,718,882
Total	\$167,078,054			\$167,078,054
	Assets measured or disclosed at Fair Value at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash, Cash Equivalents, and Short-term Investments	\$154,962,406.09			\$154,962,406
Mutual funds - Industrial and miscellaneous	\$22,412,178.71			\$22,412,179
Total	\$177,374,585			\$177,374,585

The following summarizes the valuation methodology used in determining fair value measurements of significant classes of the Plan’s financial instruments:

Level 1 Measurements

Cash and Cash Equivalents – the fair value of cash is the Plan’s reported cash balances.

Short-term Investments – Short-term investments are comprised solely of money market funds. The fair value of these funds is based on the net asset value of the funds.

Mutual Funds – the fair value of these stocks and funds is based upon the unadjusted quoted prices for the identical security in active markets that the Plan can access.

- B. Fair Value information under SSAP No. 100 combined with Fair Value information under other accounting pronouncements: None
- C. Aggregate Fair Value of All Financial Instruments: None
- D. Not Practicable to Estimate Fair Value: None

Level 2 Measurements

Bonds – The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, prepayment speeds, collateral performance, and credit spreads.

Note 21 - Other Items

- A. Extraordinary Items: None
- B. Troubled Debt Restructuring: Debtors: None
- C. Other Disclosures and Unusual Items: Cash equivalents in the amount of \$1,228,693 as of 12/31/17 are on deposit with the State of Michigan Treasury in a safekeeping account as required by regulation.
- D. Business Interruption Insurance Recoveries: None
- E. State Transferable Tax Credits: None
- F. Subprime Mortgage Related Risk Exposure: None

Notes to Financial Statements

G. Retained Assets: None

H. Insurance-Linked Securities (ILS) Contracts: None

Note 22 - Events Subsequent: Beginning January 1, 2018, the Plan no longer offers a Medicare Advantage product.

Note 23 – Reinsurance

The Plan cedes reinsurance under a specific excess loss reinsurance agreement. During 2017 the Plan's specific deductible per covered person is \$250,000 for Medicare, \$275,000 for Medicaid (ABAD, AFDC, OAA, MI Child and Healthy MI) and \$400,000 (CSHCS), up to a maximum per covered person of \$1,000,000 for Medicaid, and \$1,000,000 for Medicare.

Uncollectible Reinsurance: None

Commutation of Ceded Reinsurance: None

Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Medicare Advantage: The Plan provides Medicare Advantage Health Coverage to approximately 601 members. Retrospective premiums are estimated based on members risk score adjustments submitted to CMS.
- B. The Plan records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Plan at December 31, 2017 that are subject to retrospective rating features was \$7,294,693 representing less than 1% of total net premiums written.
- D. Medical loss rebates required pursuant to the Public Health Service Act –The Plan is required to refund premiums to subscribers to the extent medical loss ratios fall short of those specified percentages as directed by the Affordable Care Act. Effective December 31, 2017, the Plan estimated that no amounts will be paid out and no accrual has been recorded as of December 31, 2017.
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA)
 - Risk adjustment program - Premium adjustments pursuant to the risk adjustment program will be based on the risk scores (health status) of enrollees participating in risk adjustment covered plans, rather than the actual loss experience of the insured. Risk adjustment receivables or payables are estimated based on experience to date and determinations of the Plan's risk score versus the overall market risk score. These amounts represent the estimated amounts receivable or payable for both individual and small group populations, and are based on general demographic data and health status of these populations and data assumptions regarding the general health status of the overall market for which there is limited data. For 2017, the Plan did not write any accident and health insurance premium.
 - Risk corridors - The risk corridors program is effective for benefit years beginning in 2015 through 2016. The purpose of the program is to provide limitations on issuer losses and gains for qualified health plans through additional protection against initial pricing risk. The program creates a

Notes to Financial Statements

mechanism for sharing the risk for allowable costs between the federal government and the qualified health plan issuers. Although the risk corridors program provides protection against extreme bounds of experience, there is a substantial corridor in which all variance in experience directly affects the loss experience of the Plan. For the 2014 year, the Plan only received 12.6% of the estimated risk corridor receivable from CMS due to a shortfall of the program’s funding. The Plan has concluded to write-off anything above the 12.6% to premium. For 2015, the Plan has recorded an estimated receivable of \$5,523,611, but has decided to non-admit the entire receivable based upon the overall shortfall for the program. For 2016, the plan has recorded an estimated receivable of \$781,058, but has decided to non-admit the entire receivable based upon the overall shortfall for the program.

- (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions – No
- (2)

IMPACT OF RISK-SHARING PROVISIONS OF THE ACA			
			AMOUNT
Permanent ACA Risk Adjustment Program			
	Assets		
		Premium adjustments receivable due to ACA Risk Adjustment	\$ -
	Liabilities		
		Risk adjustment user fees payable for ACA Risk Adjustment	\$ -
		Premium adjustments payable due to ACA Risk Adjustment	\$ -
	Operations (Revenue & Expense)		
		Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ -
		Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$ -
Transitional ACA Reinsurance Program			
	Assets		
		Amounts recoverable for claims paid due to ACA Reinsurance	\$ -
		Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	\$ -
		Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$ -
	Liabilities		
		Liabilities for contribution payable due to ACA Reinsurance - not reported as ceded premium	\$ -
		Ceded reinsurance premiums payable due to ACA Reinsurance	\$ -
		Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$ -
	Operations (Revenue & Expense)		
		Ceded reinsurance premiums due to ACA Reinsurance	\$ -
		Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ -
		ACA Reinsurance contributions - not reported as ceded premium	\$ -
Temporary ACA Risk Corridors Program			
	Assets		
		Accrued retrospective premium due to ACA Risk Corridors	\$ -
	Liabilities		
		Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$ -
	Operations (Revenue & Expense)		
		Effect of ACA Risk Corridors on net premium income (paid/received)	\$ -
		Effect of ACA Risk Corridors on change in reserves for rate credits	\$ -

Notes to Financial Statements

(3)

ROLL-FORWARD OF PRIOR YEAR ACA RISK-SHARING PROVISIONS												
		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2-4)	To Prior Year Balances	To Prior Year Balances	Ref	Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
		1	2	3	4	5	6	7	8		9	10
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
Permanent ACA Risk Adjustment Program												
	Premium adjustments receivable	\$ 9,569		\$ 15,452		\$ (5,882)	\$ -	\$ 5,882		A	\$ -	\$ -
	Premium adjustments (payable)	\$ (112,235)	\$ 42	\$ (305,893)	\$ (42)	\$ 193,658	\$ 42	\$ (193,658)		B	\$ -	\$ -
	Subtotal ACA Permanent Risk Adjustment Program	\$ 9,569	\$ (112,235)	\$ 15,494	\$ (305,893)	\$ (5,925)	\$ 193,658	\$ 5,925	\$ (193,658)		\$ -	\$ -
Transitional ACA Reinsurance Program												
	Amounts recoverable for claims paid	\$ 139,776		\$ 147,063		\$ (7,286)	\$ -	\$ 7,286		C	\$ 0	\$ -
	Amounts recoverable for claims unpaid (contra liability)					\$ -	\$ -			D	\$ -	\$ -
	Amounts receivable relating to uninsured plans					\$ -	\$ -			E	\$ -	\$ -
	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium		\$ -		\$ -	\$ -	\$ -			F	\$ -	\$ -
	Ceded reinsurance premiums payable					\$ -	\$ -			G	\$ -	\$ -
	Liability for amounts held under uninsured plans					\$ -	\$ -			H	\$ -	\$ -
	Subtotal ACA Transitional Reinsurance Program	\$ 139,776	\$ -	\$ 147,063	\$ -	\$ (7,286)	\$ -	\$ 7,286	\$ -		\$ 0	\$ -
Temporary ACA Risk Corridors Program												
	Accrued retrospective premium	\$ 6,003,810	\$ -	\$ 2,962		\$ 6,000,847	\$ -	\$ 303,821		I	\$ 6,304,669	\$ -
	Reserve for rate credit or policy experience rating refunds					\$ -	\$ -	\$ -	\$ -	J	\$ -	\$ -
	Subtotal ACA Risk Corridors Program	\$ 6,003,810	\$ -	\$ 2,962	\$ -	\$ 6,000,847	\$ -	\$ 303,821	\$ -		\$ 6,304,669	\$ -
Total for ACA Risk Sharing Provisions		\$ 6,153,155	\$ (112,235)	\$ 165,519	\$ (305,893)	\$ 5,987,637	\$ 193,658	\$ 317,032	\$ (193,658)		\$ 6,304,669	\$ -

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Coridors Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
	1	2	3	4	5	6	7	8		Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	9	10
a. 2014											
1. Accrued retrospective premium					\$ -	\$ -	\$ -			\$ -	
2. Reserve for rate credits or policy experience rating refunds					\$ -	\$ -					
b. 2015											
1. Accrued retrospective premium	\$ 5,526,573		\$ 2,962		\$ 5,529,535	\$ -				\$ 5,529,535	
2. Reserve for rate credits or policy experience rating refunds					\$ -	\$ -					
c. 2016											
1. Accrued retrospective premium	\$ 477,236				\$ 477,236	\$ -	\$ 303,821			\$ 781,058	
2. Reserve for rate credits or policy experience rating refunds					\$ -	\$ -					
d. Total for Risk Corridors	\$ 6,003,810	\$ -	\$ 2,962	\$ -	\$ 6,006,772	\$ -	\$ 303,821	\$ -	\$ -	\$ 6,310,593	\$ -

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	Estimated Amount to be Filed or Final amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non-admissions)	Non-Admitted Amount	Net Admitted Asset
2014		\$ -		\$ -		\$ -
2015	\$ 5,526,573	\$ -	\$ 2,962	\$ 5,523,610.88	\$ 5,523,611	\$ -
2016	\$ 781,058	\$ -	\$ -	\$ 781,057.65	\$ 781,058	\$ -
Total	\$ 6,307,631	\$ -	\$ 2,962	\$ 6,304,669	\$ 6,304,669	\$ -

Note 25 - Change in Incurred Claims and Claim Adjustment Expenses

An enrolled actuary has determined the estimated reserve for claims incurred but not reported. Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may

Notes to Financial Statements

not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Note 26 - Intercompany Pooling Arrangements: None

Note 27 - Structured Settlements: N/A

Note 28 - Health Care Receivables

The Plan has no accounts receivable for pharmaceutical rebates. Pharmacy rebate receivables were as follows:

*Section ID	Quarter	Estimated pharmacy rebates reported	Pharmacy rebates as billed	Actual rebates received <= 90 days	Actual rebates received 91 - 180 days	Actual rebates received > 180 days	Total Received
01	12/31/17						-
01	09/30/17						-
01	06/30/17			597,083.80			597,084
01	03/31/17			11,451.20	556,011.06		567,462
01	12/31/16			(239.51)	(3,107.03)	460,319.39	456,973
01	09/30/16					195,837.99	195,838
01	06/30/16					439,646.87	439,647
01	03/31/16					398,003.17	398,003
01	12/31/15					831,980.98	831,981
01	09/30/15					489,520.43	489,520
01	06/30/15					516,867.86	516,868
01	03/31/15					486,841.45	486,841

B. Risk Sharing Receivables –See note 24.

Note 29 - Participating Policies: None

Note 30- Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves: None
2. Date of the most recent evaluation of this liability: December 31, 2017
3. Was anticipated investment income utilized in the calculation? No

Note 31 - Anticipated Salvage and Subrogation: None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2015
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/21/2017
- 3.4 By what department or departments?
Michigan Department of Insurance and Financial Services
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes[] No[X]
Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes[] No[X]
Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
7.21 State the percentage of foreign control
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

0.000%

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		No	No	No	No

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PLANTE AND MORAN LLP, 1111 MICHIGAN AVE. EAST LANSING MI 48823
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
JOHN VATAHA, ASA, MAAA ACTUARY CONSULTANT, 27627 North 168th Street, Scottsdale, AZ 85263

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

13.3 Have there been any changes made to any of the trust indentures during the year?

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended?

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes[X] No[]

Yes[X] No[]

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers

20.12 To stockholders not officers

20.13 Trustees, supreme or grand (Fraternal only)

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers

20.22 To stockholders not officers

20.23 Trustees, supreme or grand (Fraternal only)

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others

21.22 Borrowed from others

21.23 Leased from others

21.24 Other

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes[] No[X]

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

Yes[] No[X]

\$ 0

\$ 0

\$ 0

\$ 0

Yes[] No[X]

\$ 0

\$ 0

\$ 0

Yes[X] No[]

\$ 92,945

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

24.02 If no, give full and complete information, relating thereto

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes[X] No[]

Yes[] No[] N/A[X]

\$ 0

\$ 0

Yes[] No[] N/A[X]

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[] No[] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
24.103 Total payable for securities lending reported on the liability page.

\$ 0
\$ 0
\$ 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
25.21 Subject to repurchase agreements
25.22 Subject to reverse repurchase agreements
25.23 Subject to dollar repurchase agreements
25.24 Subject to reverse dollar repurchase agreements
25.25 Placed under option agreements
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock
25.27 FHLB Capital Stock
25.28 On deposit with states
25.29 On deposit with other regulatory bodies
25.30 Pledged as collateral - excluding collateral pledged to an FHLB
25.31 Pledged as collateral to FHLB - including assets backing funding agreements
25.32 Other

\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 1,228,692
\$ 0
\$ 0
\$ 0
- 25.3 For category (25.26) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[] N/A[X]
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
JPMORGAN CHASE BANK, NA	1111 POLARIS PARKWAY, COLUMBUS OH 43240

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes[] No[X]
- 28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [" that have access to the investment accounts"; " handle securities"]

1	2
Name of Firm or Individual	Affiliation
Cheryl Diehl, Chief Financial Officer .....	..... I

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

Yes[] No[X]
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes[] No[X]
- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

GENERAL INTERROGATORIES (Continued)

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes ☐ No ☒

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds
30.2 Preferred stocks
30.3 Totals

30.4 Describe the sources or methods utilized in determining the fair values:

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Yes ☐ No ☒

Yes ☐ No ☐ N/A ☒

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

32.2 If no, list exceptions:

Yes ☒ No ☐

33. By self-designation 5*GI securities, the reporting entity is certifying the following elements for each self-designated 5*GI security:

a. Documentation necessary to permit a full credit analysis of the security does not exist.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting-entity self-designated 5*GI securities?

Yes ☐ No ☒

OTHER

34.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

34.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$..... 0

1 Name	2 Amount Paid
.....

35.1 Amount of payments for legal expenses, if any?

35.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 12,102

1 Name	2 Amount Paid
.....

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

36.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

\$..... 0

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ 0

1.62 TOTAL Incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 TOTAL Premium earned

\$ 0

1.65 TOTAL Incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

\$ 0

1.72 TOTAL Incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 TOTAL Premium earned

\$ 0

1.75 TOTAL Incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	843,207,061	931,744,075
2.2	Premium Denominator	843,207,061	931,744,075
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	85,673,048	103,093,824
2.5	Reserve Denominator	86,321,591	104,989,815
2.6	Reserve Ratio (2.4 / 2.5)	0.992	0.982

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 537,500

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

ALL ABOVE TOPICS ARE INCLUDED IN ALL PROVIDER CONTRACTS WITH LANGUAGE APPROVED BY DIFS

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 26,656

8.2 Number of providers at end of reporting year

..... 29,199

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 2,382,657

10.22 Amount actually paid for year bonuses

\$ 1,574,351

10.23 Maximum amount payable withholds

\$ 0

10.24 Amount actually paid for year withholds

\$ 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[] No[X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

MICHIGAN

11.4 If yes, show the amount required.

\$ 63,775,338

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

200% OF AUTHORIZED CONTROL LEVEL

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Alcona County
Allegan County
Alpena County
Antrim County
Arenac County
Bay County
Benzie County
Berrien County

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Branch County
Barry County
Calhoun County
Cass County
Cheboygan County
Charlevoix County
Clare County
Clinton County
Crawford County
Eaton County
Emmet County
Genesee County
Gladwin County
Gratiot County
Grand Traverse County
Hillsdale County
Huron County
Ingham County
Ionia County
Iosco County
Isabella County
Jackson County
Kent County
Kalkaska County
Kalamazoo County
Lake County
Lapeer County
Leelenau County
Lenawee County
Livingston County
Mason County
Macomb County
Montcalm County
Montmorency County
Mecosta County
Midland County
Missaukee County
Monroe County
Manistee County
Muskegon County
Newaygo County
Oakland County
Oceana County
Ogemaw County
Osceola County
Oscoda County
Otsego County
Ottawa County
Presque Isle County
Roscommon County
Saginaw County
Sanilac County
St. Clair County
Shiawassee County
St. Joseph County
Tuscola County
Van Buren County
Washtenaw County
Wayne County
Wexford County

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers?

Yes[] No[] N/A[X]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other
.....

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written

\$ 0

15.2 Total incurred claims

\$ 0

15.2 Number of covered lives

..... 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	200,832,158	207,535,101	231,536,237	170,207,960	130,311,691
2. TOTAL Liabilities (Page 3, Line 24)	100,222,989	124,497,626	160,689,713	118,295,667	86,161,056
3. Statutory minimum capital and surplus requirement	63,775,338	57,321,530	54,488,418	45,093,196	36,968,278
4. TOTAL Capital and Surplus (Page 3, Line 33)	100,609,169	83,037,475	70,846,525	51,912,293	44,150,635
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	840,439,214	929,576,721	902,618,385	722,625,408	532,628,766
6. TOTAL Medical and Hospital Expenses (Line 18)	778,129,509	819,717,532	791,347,811	644,227,011	504,385,925
7. Claims adjustment expenses (Line 20)	8,245,141	7,406,423	7,433,342	6,029,099	4,542,149
8. TOTAL Administrative Expenses (Line 21)	32,315,933	82,804,710	79,606,333	58,844,327	23,354,449
9. Net underwriting gain (loss) (Line 24)	21,748,631	20,611,605	24,058,641	12,797,606	282,318
10. Net investment gain (loss) (Line 27)	470,120	(122,035)	(700,215)	(566,346)	(456,465)
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	22,218,751	20,489,570	23,358,426	12,231,260	(174,147)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(4,404,680)	(14,819,981)	63,492,654	37,435,695	14,342,513
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	100,609,169	83,037,475	70,846,525	51,912,293	44,150,636
15. Authorized control level risk-based capital	31,887,669	31,345,375	27,388,990	22,780,960	18,432,870
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	194,899	186,387	203,942	191,713	158,575
17. TOTAL Members Months (Column 6, Line 7)	2,332,168	2,366,346	2,392,366	2,178,364	1,809,385
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	92.3	88.0	87.5	88.9	94.3
20. Cost containment expenses	0.2	0.2	0.2	0.2	0.2
21. Other claims adjustment expenses	0.8	0.6	0.7	0.7	0.7
22. TOTAL Underwriting Deductions (Line 23)	97.1	97.6	97.1	98.0	99.6
23. TOTAL Underwriting Gain (Loss) (Line 24)	2.6	2.2	2.7	1.8	0.1
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	99,246,574	123,444,079	90,756,336	73,539,136	64,334,473
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	103,093,824	130,306,511	96,014,668	74,475,353	62,581,920
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)	16,936,294	16,747,144	5,861,981	5,804,255	13,098,942
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31	16,936,294	16,747,144	5,861,981	5,804,255	13,098,942
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3 - Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	270,753	7,304,693	837,336,643				844,912,089	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	270,753	7,304,693	837,336,643				844,912,089	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	270,753	7,304,693	837,336,643				844,912,089	

DETAILS OF WRITE-INS										
58001.	X X X									
58002.	X X X									
58003.	X X X									
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation by state, premiums by state, etc.: All premiums wirrtten in the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

McLaren Health Care Corporation



0015

McLaren Health Care 38-2397643 (MI) 100%	McLaren Greater Lansing 38-1434090 (MI) 100%	McLaren Northern MI 38-2146751 (MI) 100%	McLaren Bay Region 38-1976271 (MI) 100%	McLaren Central MI 38-1420304 (MI) 100%	McLaren Macomb 38-1218516 (MI) 100%	McLaren Oakland 38-1428164 (MI) 100%	McLaren Flint 38-2383119 (MI) 100%	McLaren Lapeer 38-2689033 (MI) 100%	Karmanos Cancer Institute 38-1613280 (MI) 100%	McLaren Port Huron 38-1369611 (MI) 100%	McLaren Medical Group 38-2988086 (MI) 100%	McLaren Homecare Group 38-3491714 (MI) 100%	McLaren Health Plan 38-3252216 (MI) 100% Group Code: 4700 NAIC: 95562
McLaren HC Village 26-2693350 (MI) 100%	McLaren Lansing Foundation 38-2463637 (MI) 100%	McLaren Northern MI Foundation 38-2445611 (MI) 100%	McLaren Bay Special Care 38-3161753 (MI) 100%	Meridian Ventures 38-3226022 (MI) 100%	McLaren Macomb Foundation 38-2578873 (MI) 100%	McLaren Riley Foundation 20-0442217 (MI) 100%	McLaren Flint Foundation 38-1358053 (MI) 100%	McLaren Lapeer Foundation 38-2689603 (MI) 100%	Karmanos Cancer Center 20-1649466 (MI) 100%	McLaren Port Huron Foundation 38-2777750 (MI) 100%	Mid-MI Physicians 38-3267121 (MI) 100%	Hospice and Homecare Foundation 46-3643089 (MI) 100%	McLaren Health Advantage 91-214720 (MI) 100%
Great Lakes Cancer Institute 38-3584572 (MI) 100%		VitalCare, Inc. 38-2527255 (MI) 100%	McLaren Bay Medical Foundation 38-2156534 (MI) 100%			McLaren Physician Partners 38-3136458 (MI) 100%	McLaren Hospitality House 45-5567669 (MI) 100%		Michigan Cancer Society 38-2823451 (MI) 100%	Marwood Manor Nursing 38-2683251 (MI) 100%			McLaren Health Plan Community 27-2204037 (MI) 100% Group Code: 4700 NAIC: 14217
		NMI Medical Management 20-8458840 (MI) 100%				Hospital Health Care 38-2643070 (MI) 100%			Delphinus Investments Inc. 45-4758176 (MI) 100%	Parkview Property Management 38-2467310 (MI) 100%			
		NMI Hematology/Oncology 32-0020293 (MI) 100%								Willow Enterprises 38-2491659 (MI) 100%			
		Cardiac Institute 26-2774689 (MI) 100%											
		Charlevoix Nursing Home 38-3038683 (MI) 100%											McLaren Insurance Company LTD. (CYM) 100%
		Rapin & Rapin Prescription Services Pharmacy 38-3465261 (MI) 100%											

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